

## **BAMBURI CEMENT PUBLIC LIMITED COMPANY**

### **BOARD OF DIRECTORS CHARTER**

#### **1. INTRODUCTION**

- 1.1. Bamburi Cement Public Limited Company (the “Company”) is a public limited company incorporated in Kenya under the Companies Act 2015 (previously Chapter 486, laws of Kenya) and listed on the Nairobi Securities Exchange. The Company has a number of subsidiaries which are private entities, operating in Kenya and Uganda.
- 1.2. The Board of Directors (the “Board”) of the Company strongly believes that good corporate governance is critical for the long term success of the Company and to ensure sustainable returns for investors and stakeholders. In that regard, the Board has put in place systems and measures to ensure high standards of corporate governance across the organisation.
- 1.3. This Board of Directors Charter (the “Charter”) sets out the corporate governance principles and practices to which the Board ascribes. The provisions of the Charter do not override any of the directors’ powers and responsibilities as laid out in the Company’s Articles of Association, the Companies Act 2015, the Capital Markets Authority Code of Corporate Governance Practices for Issuers of Securities to the Publics 2015 (the “CMA Code”) or in other legislative requirements and must be read together with these.
- 1.4. This Charter is reviewed regularly and updated to ensure that it remains dynamic and relevant.

#### **2. AUTHORITY OF THE BOARD**

- 2.1. The Board’s main role is providing strategic leadership and stewardship for the Company. Directors are elected by shareholders to oversee management and ensure that the long-term interests of the Company’s stakeholder’s are served.
- 2.2. The Board is responsible for determining that the Company is managed in such a way to ensure long term financial returns while adhering to the laws of the jurisdictions within which it operates and observing high ethical standards.
- 2.3. The Board is the ultimate decision making body of the Company except in respect of matters reserved for shareholders.

#### **3. ROLE / FUNCTIONS OF THE BOARD**

- 3.1. The functions of the Board are distinct from what is handled by Management and broadly include:
  - 3.1.1. Defining the Company’s mission, vision, its strategy, goals, risk policy plans and objectives;
  - 3.1.2. Approval of the Company’s annual budget;

- 3.1.3. Overseeing the corporate management and operations, management accounts, major capital expenditures and review corporate performance and strategies at least on a quarterly basis;
  - 3.1.4. Identifying the corporate business opportunities as well as principal risks in the Company's operating environment, including the implementation of appropriate measures to manage such risks or anticipated changes impacting on the corporate business;
  - 3.1.5. Developing an appropriate staffing and remuneration policy for senior management, the Executive Directors and the Company Secretary as may be applicable;
  - 3.1.6. Regularly reviewing the adequacy and integrity of the Company's internal controls, acquisition and divestitures and management information systems, including compliance with applicable laws, regulations, rules and guidelines;
  - 3.1.7. Establishing and implementing a system that provides necessary information to the shareholders;
  - 3.1.8. Monitoring the effectiveness of the corporate governance practices under which the company operates and proposing revisions as may be required from time to time; and
  - 3.1.9. Taking into consideration the interests of the Company's stakeholder's in its decision making process.
- 3.2. The Board has established clear roles and responsibilities in discharging its fiduciary and leadership functions. In exercising fiduciary duties, each Board member shall:
- 3.2.1. Exercise a reasonable degree of care, skill and diligence;
  - 3.2.2. Act in good faith and in the best interests of the Company and not for any other purpose;
  - 3.2.3. Act with integrity at all times and must not place themselves in a situation where personal interests conflict with those of the Company;
  - 3.2.4. At all times exercise independent judgement;
  - 3.2.5. Devote sufficient time to carry out their responsibilities on the Board and enhance their skills and competencies to give continued value to the Company;
  - 3.2.6. Promote and protect the image and reputation of the Company;
  - 3.2.7. Owe their duty to the Company; and
  - 3.2.8. Hold in confidence all information available to them by virtue of their position as a Board member.
- 3.3. Matters reserved for the Board:  
The detailed list of matters reserved for decision by the Board, on the basis of any recommendation as made from time to time by the Committees of the Board, subject to the approval of the Shareholders where required, is attached as *Schedule 1* of this Charter.
- 3.4. Matters delegated by the Board:  
The list of matters delegated to Management, on the basis of any recommendation as made from time to time by the Committees of the Board, with the relevant approval of the Shareholders where required, is attached as *Schedule 2* of this Charter.
4. **BOARD COMPOSITION & DIVERSITY**
- 4.1. The Board's membership shall be large enough to ensure a wide range of diverse skills, knowledge, views and experience to achieve the balance necessary to meet the Company's strategic objectives.

- 4.2. The Board believes that this diverse mix of skills and business experience is a major contributor to the proper functioning of the Board and the Board Committees, ensuring that matters are adequately debated and that no individual or group dominates the Board's decision-making processes.
- 4.3. The process of appointment of directors should be sensitive to gender representation, age, regional and national outlook and should not be perceived to represent single or narrow community interest.
- 4.4. The Company subscribes to a unitary Board structure comprising of non-executive and executive directors.
- 4.5. In terms of the Articles of Association, there is no maximum limit on the number of Directors that may be appointed to the Board but a minimum number of five (5) directors is prescribed.
- 4.6. The Board is composed of a total of eleven (11) directors with nine (9) being non-executive directors thus meeting the 65% requirement for non-executive directors. Out of the total number of directors, four (4) are independent non-executive directors, five (5) are non-independent non-executive directors and two (2) are executive directors.
- 4.7. At least one third (1/3<sup>rd</sup>) of the Board is comprised of directors who qualify as independent in accordance with the Capital Markets Authority listing guidelines. Additionally, the Chair of the Board is a non-executive director.
- 4.8. For a Director to be considered independent an affirmative determination is undertaken by the Board that the Director does not have any material relationships with the Company other than as a Director, as set out under the CMA Code.
- 4.9. Each independent Director is required to notify the Chairman or the Company Secretary, as soon as practicable, of any event situation or condition that may affect his/her independence.
- 4.10. The Board appoints a Company Secretary to serve the Board, who is a member in good standing of the Institute of Certified Secretaries, Kenya.

## 5. **SELECTION OF BOARD MEMBERS**

- 5.1. The Board has the power to appoint additional directors to fill casual vacancies upon the recommendation of the Nomination, Remuneration and Human Resources Committee (the "NR&HR Committee").
- 5.2. The NR&HR Committee is responsible for recommending candidates to the Board after reviewing the appropriate balance of skills, experience, diversity and characteristics required of Board nominees in the context of the current make-up of the Board together with the qualifications of individual candidates in light of the Board membership criteria contained in this Charter.
- 5.3. The NR&HR Committee will consider candidates recommended by Shareholders and candidates coming up for re-election.

- 5.4. The appointment of Directors is subject to approval by the Shareholders at the Annual General Meeting and any directors appointed by the Board to fill vacancies will be required to resign and offer themselves for election by the Shareholders at the general meeting following their appointment.

## 6. **BOARD MEMBERSHIP CRITERIA**

- 6.1. The NR&HR Committee, together with the Board, will determine the appropriate characteristics, skills and experience for the Board as a whole and its individual members, with the objective of having a Board with diverse backgrounds and experience.
- 6.2. Characteristics expected of all Directors include:
- 6.2.1. broad-based business or professional skills and experience;
  - 6.2.2. integrity in personal and business dealings;
  - 6.2.3. ability to maintain confidentiality and not to use confidential information for their benefit;
  - 6.2.4. commitment to the highest ethical standards and values of the Company;
  - 6.2.5. sound business judgement;
  - 6.2.6. ability and willingness to commit sufficient time to the Board;
  - 6.2.7. global business and social perspective;
  - 6.2.8. ability to effectively, consistently and appropriately take into account and balance the legitimate interests and concerns of Shareholders and other stakeholders in reaching decisions.
- 6.3. On appointment, each Board member is notified of the appointment in writing and must also signify acceptance in writing prior to issuance of subsequent documentation including a Letter of Appointment on the terms of the appointment.
- 6.4. In determining whether to recommend a director for re-election, the NR&HR Committee also considers the Director's past attendance at meetings, participation in and contributions to the activities of the Board together with the results of the most recent Board performance evaluation.

## 7. **APPOINTMENT OF ALTERNATE DIRECTORS**

- 7.1. In line with provisions of the Company's Articles of Association, any Director may appoint in writing any other Director or person approved by a majority of the other Directors to be his/her alternate on the Board to attend meetings which he/she is unable to attend.
- 7.2. The NR&HR Committee shall vet all persons proposed for appointment as Alternate Directors.
- 7.3. An Alternate Director is not entitled to remuneration from the Company but shall be entitled to receive notices of Board meetings and to attend, vote and exercise all powers, rights and duties at any such meeting in which the director he/she represents is absent. An Alternate Director shall not be appointed as a member of the Board Audit & Risk Committee.

7.4. A Director who is also acting as an Alternate Director shall be entitled, in addition to his/her own vote, to a separate vote for the Director he/she represents.

7.5. An alternate Director may be removed by a resolution of the Board and shall also cease to act as such if the Director he/she represents ceases to be a Director for any reason.

## 8. **PERIOD OF OFFICE**

8.1. Any Director appointed to either fill a casual vacancy or as an additional Director shall only holds office until the next annual general meeting of the Company at which he/she will retire and offer him/herself for re-election.

8.2. At least one third (1/3<sup>rd</sup>) of the Directors, except the Managing Director, shall be subject to retirement by rotation and re-election by the Shareholders at the Company's Annual General Meeting, in line with the Company's Articles of Association.

8.3. Termination of service/employment contracts of executive directors shall automatically include their resignation from the Board.

8.4. Any non-executive Director may accept any other board appointments provided such appointment is not in conflict with the business of the Company and shall not detrimentally affect the Director's contribution to the Company's Board. However, a non-executive director shall not accept board appointments in more than two (2) other public listed companies at any one time while an executive director shall not accept board appointments in more than one (1) other public listed company at any one time. The Chair of the Board may only chair one (1) other Board of a listed Company.

8.5. Directors shall as soon as reasonably possible disclose outside directorships and inform the Chair of any material changes to these directorships, likely to impact the Director's performance of his/her obligations on the Company's Board.

8.6. The Board does not believe it should limit the number of terms for which an individual may serve as a Director as extended periods of service result in valuable insight into the operations and future of the Company brought about by experience and understanding of the Company's history, policies and objectives.

8.7. Independent Non-Executive Directors appointed for a cumulative term exceeding nine (9) years will be re-designated as non-independent directors.

8.8. The NR&HR Committee recommends the re-election of all retiring Directors seeking re-election at the Annual General Meeting premised on each individuals performance evaluation, attendance record demonstrative of their time commitment, skills, knowledge, diversity and balance of experience brought to the Board.

## 9. **REMOVAL OF DIRECTORS FROM OFFICE**

9.1. A Director may be removed from office if:

- 9.1.1. If the Director retires in accordance with the Company's Articles of Association and the Board upon recommendation by the NR&HR Committee requests the Director not to offer him/herself up for re-election; or
  - 9.1.2. If the Director is not re-elected at an Annual General Meeting of the Company at which he/she has retired and offered him/herself for re-election in accordance with the Articles of Association; or
  - 9.1.3. If the Director is required to vacate office for any reason pursuant to Article 100 or any other provisions of the Company's Articles of Association; or
  - 9.1.4. If the Director is removed from office or otherwise required to vacate office under provisions of any applicable law.
- 9.2. Any Director who is removed from office for any reason continues to be subject to the duty to keep confidential any data, information (including sensitive or privileged information) or market/business opportunity that he/she became aware of while acting as a Director of the Company.

## 10. **BOARD PROCEDURES**

- 10.1. The Board will generally hold four (4) regularly scheduled meetings per year and additional special meetings as necessary.
- 10.2. The Chairman of the Board and the Managing Director set the agenda for each Board meeting, taking into account suggestions from other members of the Board.
- 10.3. The agenda together with information, documentation and presentations that are important to the Board's understanding of the business to be conducted at a Board meeting will be distributed in writing to the directors sufficiently in advance of the meeting to facilitate meaningful review.
- 10.4. The Board recognises that certain items to be discussed at Board meetings are of an extremely sensitive nature and that the distribution of information and data on these matters prior to Board meetings may not be appropriate.
- 10.5. The Board's discussions shall at all times be open and constructive. The Chair of the Board shall seek a consensus in the Board but may, where considered necessary, call for a vote in whatever manner he/she, in his sole discretion, decides. Discussions and records shall remain confidential unless with specific direction from the Board to the contrary.
- 10.6. The Board shall have access to the Company's employees to ensure that the Directors can ask all questions and glean all information necessary to fulfil their duties, provided that the Board exercises its judgment to ensure that such interaction is not distracting to the business operations of the Company and that such contact, if in writing, is copied to the Chairman or the Managing Director as appropriate.
- 10.7. The Board encourages regular attendance by management, with the approval of the Chairman, to its meetings.

- 10.8. Directors are expected to attend meetings of the Board, committees on which they serve, the Annual General Meetings and any special meetings.
- 10.9. Directors who are unable to attend meetings of the Board shall advise the Chairman or, failing him, the Managing Director, at an earlier date and confirm this in writing to the Company Secretary.
- 10.10. The Board and its committees shall have the right, at any time, to retain independent outside auditors together with financial, legal or other advisors at the Company's expense provided that the procedures laid down in the Committee Charter are followed.
- 10.11. The independent directors of the Company will meet at least once a year in an executive session without management present.
- 10.12. The records of all Board meetings are required to be retained by the Company Secretary.

## 11. **ATTENDANCE AT BOARD MEETINGS**

- 11.1. In recognition of the changing ways of working and the domicile of some Directors outside the country, the Board or any Board Committee may hold its meetings either physically at a common location, or virtually by electronic means or a hybrid of physical and virtual means. When held using any electronic means, the tools used may include video conference, teleconference, telephone, a series of telephone conversations, or by any other communication equipment which permits all persons participating in the meeting to speak and hear each other.
- 11.2. The notice for each meeting shall indicate the manner of holding the meeting and the Company Secretary shall ensure that arrangements are in place to facilitate effective communication during the meeting.
- 11.3. Confirmation that all meeting attendees can hear each other shall be made at the start of the meeting and the views of Directors expressed using such electronic means of communication shall be treated as proposals for or votes in favour of or against a resolution. The Board may employ the use of electronic means to document a vote against any issue placed for consideration before the Board.

## 12. **COMMITTEES**

- 12.1. The Board is authorised to form committees to assist it in the execution of its duties, powers and authorities and to appoint the Chairpersons of those committees.
- 12.2. The Board currently has the following standing committees:

### 12.2.1. **Audit & Risk Committee**

The Audit & Risk Committee comprises at least three (3) independent non-executive directors including a member with accounting qualification and in good standing with the respective professional association, in compliance with the CMA Code.

#### 12.2.2. **Nomination, Remuneration and Human Resources Committee**

The NR&HRC is responsible for nomination of candidates for appointment to the Board and its Committees. The Committee is composed of six (6) members, four of whom are independent non-executive directors, thus complying with the requirements of the CMA Code to have a majority of independent members.

#### 12.2.3. **Executive Committee**

The day to day business and operations of the Company are delegated to the Executive Committee whose members are appointed by the Managing Director. The Committee consists of individuals responsible for heading the key business departments.

- 12.3. Each committee has formal terms of reference which are approved by the Board and reviewed regularly or as and when necessary. These terms of reference are available on the Company's website at <https://www.lafarge.co.ke/board-charter>.
- 12.4. The Board reviews the effectiveness and performance of the committees on an annual basis as part of the Board performance review.

### 13. **ROLE OF THE CHAIR OF THE BOARD**

- 13.1. In line with good governance principles, the roles of the Chair of the Board and that of the Managing Director are held by two different individuals with each having clear and distinct responsibilities.
- 13.2. The Chair of the Board has responsibilities including, but not limited to:
- 13.2.1. Responsibility for the operation, leadership and governance of the board, ensuring its effectiveness.
  - 13.2.2. Chairing meetings of the Board as well as executive sessions of non-executive directors.
  - 13.2.3. Together with the Managing Director, setting the agenda for the meetings of the Board.
  - 13.2.4. Leading the non-executive Directors in periodic review of the performance of management.
  - 13.2.5. Ensuring the Board is fully informed on matters sufficient to make informed judgment through timely distribution of information and reports.
  - 13.2.6. Serving as liaison between non-executive Directors and the Managing Director provided that all non-executive Directors remain clear that they are free to communicate directly to the Managing Director at all times.
  - 13.2.7. Serving as the Board's liaison for consultation and communication to Shareholders.
  - 13.2.8. Recommending independent outside advisors and consultants who report directly to the Board on critical issues.

### 14. **ROLE OF THE MANAGING DIRECTOR**

- 14.1. The Managing Director is responsible for the day-to-day management of the Company which includes implementing the Board's corporate decisions.
- 14.2. He/she provides the necessary information required by the Board to enable it discharge its functions.



14.3. The Managing Director takes charge of ensuring delivery/performance of the Matters Delegated by the Board in *Schedule 2* and specifically:

- 14.3.1. Prepares the plans and programmes necessary for the Company to meet its agreed objectives and planned performance to remain profitable and a going concern;
- 14.3.2. Presides at the Board meetings of the subsidiary companies and those of the Executive Committee and gives guidance and leadership;
- 14.3.3. Ensures that each function within the organisation is adequately structured and has adequate resources for attainment of their objectives and execution of respective duties;
- 14.3.4. Ensures compliance with the Company's policies, systems and controls;
- 14.3.5. Ensures that appropriate plans are in place to manage talent and ensure a competitive pool of employees;
- 14.3.6. Regularly updates the Chair of the Board and the Board as a whole on all material matters impacting the business; and,
- 14.3.7. Together with the Chair of the Board, ensures proper maintenance of relationships with the Company's stakeholders.

## 15. **ROLE OF THE COMPANY SECRETARY**

15.1. A suitably qualified Company Secretary is appointed by the Board to advice on procedural and regulatory matters. He/she plays a key role in supporting efficient running of day-to-day board operations and adherence to Board policies and procedures.

15.2. The specific role of the Company Secretary includes but is not limited to:

- 15.2.1. Providing guidance to the Board on its duties and responsibilities and on other matters of governance;
- 15.2.2. Ensuring the timely preparation and circulation of the Board and Committee minutes and other relevant papers;
- 15.2.3. Assisting the Board with the annual evaluation exercise;
- 15.2.4. Coordinating the governance audit process;
- 15.2.5. Keeping custody of the Company's seal and accounting to the Board for its use and maintaining a record of its use;
- 15.2.6. Maintaining and updating the register of conflicts of interest; and,
- 15.2.7. Facilitating effective communication between the organization and the shareholders.

15.3. The Company Secretary is a member of the Institute of Certified Secretaries, Kenya, in good standing.

## **PRACTICES OF THE BOARD**

### 16. **CODE OF CONDUCT & CONFLICTS OF INTEREST**

16.1. The Board is committed to upholding the highest legal and ethical conduct in fulfilling its responsibilities.

- 16.2. The Company, through its Code of Business Conduct, emphasizes its commitment to ethics and compliance with laws, sets forth basic standards of behaviour for its employees, agents or directors when dealing with clients, suppliers, competitors and the general public, provides reporting mechanisms for known or suspected breaches while also ensuring prevention and detection of wrong doing.
- 16.3. All Directors are expected to adhere to the Code of Business Conduct and to observe the legal requirements in respect of the declaration of interests and declare all arising or potential conflicts of interest for noting and management at any time and specifically at the start of each meeting. The conflicted Director is excluded from participation in the vote on the matter on which the conflict has been declared.
- 16.4. The Board will not permit any waiver of any ethics policy for any Director.

## 17. **BOARD'S RELATIONSHIP WITH SHAREHOLDERS**

- 17.1. The Board's communication strategy aims to provide shareholders with the highest standards of disclosure and financial transparency. The Board announces its achievements and prospects to shareholders by way of interim and full year results. Significant matters are disseminated to the market through announcements to the regulators, publication in the newspapers and posting on the Company's website.
- 17.2. The Board familiarises itself with issues of concern to Shareholders. The Company values the opinions of private investors and continues to engage them throughout the year.
- 17.3. The Board subscribes to a policy of open and prompt communication with Shareholders and all relevant stakeholders for both its financial and non-financial matters.
- 17.4. Shareholders may contact an individual Director, the Board as a group, a specified Board Committee or the Company Secretary.
- 17.5. Each Director is encouraged to attend the Company's annual general meeting.

## 18. **BOARD INTERACTION WITH MEDIA**

- 18.1. The Board believes that, as a general rule, management speaks for the Company.
- 18.2. If comments from the Board are appropriate, they should, in most circumstances, come from the Chair of the Board.
- 18.3. If a Director is contacted by the media regarding Company matters, he/she should request the media to contact the Chair or the Company official responsible for corporate affairs.

## 19. **REMUNERATION**

- 19.1. The level of Director compensation shall be based on time spent carrying out Board and Committee responsibilities; and is competitive with comparable companies.

19.2. The NR&HR Committee will review compensation for non-executive Directors and make recommendations to the Board.

19.3. The Board will then recommend the remuneration of the non-executive directors for approval by the Shareholders in the general meeting.

## 20. **BOARD INDUCTION & PERFORMANCE EVALUATION**

20.1. An induction programme aimed at understanding the Company, its business and the environment and market in which the Company operates shall be conducted for all newly appointed directors depending on their experience.

20.2. Directors shall keep themselves abreast of:

20.2.1. changes and trends in the Company's business, its environment and markets

20.2.2. changes and trends in the economic, political, social and legal climate in general.

20.3. The Board shall perform a self-evaluation on an annual basis through the NR&HR Committee, which evaluation will review the performance of the Board and each of its members. In addition, each Committee shall conduct an annual performance appraisal and the evaluation reports shall be reported to the Board.

20.4. The NR&HR Committee shall also review the performance of the Chair annually. The evaluation results shall be reviewed and discussed with the non-executive Directors and the results communicated to the Chair.

20.5. Each non-executive Director's performance shall be evaluated by the Chair, in consultation with the Managing Director, who in turn shall consult with the executive Directors and the Company Secretary.

20.6. The report of the NR&HR Committee shall generally include an assessment of the Board's compliance with the Charter, the overall effectiveness of the Board, the areas in which the Board could improve its performance and where the Board can make an impact on the Company.

20.7. The NR&HR Committee shall utilize the evaluation process in determining the characteristics and assessing critical skills required of prospective candidates for election to the Board.

## 21. **PERSONAL LOANS**

The Company will not make any personal loans to Directors.

## 22. **BOARD SUCCESSION PLANNING**

22.1. The Board shall approve, periodically review and maintain a clear succession plan for the members of the Board and senior Management of the Company.

22.2. To support the succession plan, the Board shall also maintain a skills and relevant competencies matrix which shall guide the appointment of Board members.

## 23. **TRAINING**

23.1. The Company Secretary shall be responsible for Director orientation and continuing education programs to improve Board and Committee performance where continuing education may be provided in a variety of different forms including:

- 23.1.1. external and internal education programs
- 23.1.2. presentations or briefings on particular topics;
- 23.1.3. educational materials;
- 23.1.4. meetings with key management;
- 23.1.5. visits to Company facilities.

## 24. **IT POLICY**

24.1. The Board has adopted the Holcim Group IT policy.

24.2. The Policy aims to create value as innovative business enabler and an efficiency driver and includes three domains - IT Security, IT Service Management and other IT processes. The Policy sets out the areas of IT responsibility, its processes and a governance model.

24.3. The IT framework is designed and maintained on a regular basis to keep the approach on an appropriate level of governance and to ensure efficient and secure processes.

## 25. **INSIDER DEALING**

25.1. The Board applies the statutory provisions as well as the Holcim Trade Restriction Market Disclosure Directive in respect of share dealings.

25.2. Before the release of the half year and end year results, the Company Secretary communicates the blackout periods during which the Directors and identified relevant employees are not authorized to trade in Company shares.

25.3. The share registrar also monitors transactions on the Company's register to ensure that any insider dealing if sighted, is addressed as required by law.

## 26. **TRANSPARENCY & DISCLOSURES**

26.1. With respect to corporate disclosures, the Board has adopted the approach to disclose such information in relation to the Company as is required by the CMA Code, the law, applicable internal policies and in line with principles of good corporate governance.

26.2. These disclosures are made through relevant public media announcements, the Company's annual report, the Company's website, and/or through the Regulators.

## 27. COMPLIANCE WITH LAWS & REGULATIONS

- 27.1. The Board has put in place internal procedures and monitoring systems to ensure that the Company complies with the Constitution of Kenya, the CMA Code, all applicable laws and regulations and the Company's policies.
- 27.2. In line with requirements of the CMA Code, the Board has adopted the practice of conducting an independent legal audit once every two (2) years by a professional in good standing with the Law Society of Kenya and undertaking an internal annual legal and compliance audit in the intervening year.
- 27.3. Findings from the audits form a basis for configuring remedial actions on any identified aspects of non-compliance to strengthen Company controls.

## 28. GOVERNANCE AUDIT

- 28.1. In line with requirements of the CMA Code, the Board has adopted the practice of conducting an independent governance audit once every two (2) years by a governance auditor accredited by the Institute of Certified Secretaries, Kenya.
- 28.2. Findings from the governance audits are also used to prepare remedial actions on any identified aspects of non-compliance to strengthen the Company's internal governance framework.

## 29. DISPUTE RESOLUTION

- 29.1. The Company has put in place systems and processes for the resolution of internal and external disputes, and will engage alternative dispute mechanisms as much as possible.
- 29.2. When a dispute arises at Board level, whether internal or external, the Board authorises the Chair and the Managing Director to form an Adhoc Committee to handle the dispute.
- 29.3. The composition of the committee shall be determined by the nature of the dispute. The Committee may comprise of Board members and officials of the Company.
- 29.4. The Committee shall be required to report on its findings to the Board within the agreed timeline and in sufficient detail.

## 30. CHARTER APPROVAL

- 30.1. This Charter was reviewed and approved by the Company's Board on 21<sup>st</sup> April 2021 for immediate implementation.
- 30.2. This Charter may be amended by the Board, as and when necessary and is due for review in April 2022.
- 30.3. This Charter was further reviewed and approved by the Company's Board on 24<sup>th</sup> August 2023.

## **SCHEDULE 1: MATTERS RESERVED TO THE BOARD FOR APPROVAL**

### **1. Board and Board Committees**

- 1.1. Board appointments and removals.
- 1.2. Selection of Board and Committee chairpersons.
- 1.3. Terms of the Charters and membership of board committees.
- 1.4. Continuation in office of directors at the end of their term of office when they are due for re-election by shareholders at the AGM and otherwise as appropriate.
- 1.5. Adequate succession planning for the Board and senior Management.
- 1.6. Appointment or removal of the Company Secretary.

### **2. Strategy & Management**

- 2.1. Responsibility for the overall direction of the Bamburi Group (the “Group”).
- 2.2. Approval of annual operating and capital expenditure budgets together with any material changes thereto.
- 2.3. Review of business performance against the strategy and ensuring any necessary corrective action is taken.
- 2.4. Extension of the Group’s activities into new business and geographical areas.
- 2.5. Any decisions to cease to operate all or any material part of the Group’s business.
- 2.6. Changes to the Group’s executive management and control structure.

### **3. Structure and Capital**

- 3.1. Changes relating to the Group’s capital structure.
- 3.2. Terms and conditions of rights and capital issues or issues of shares.
- 3.3. Major changes to the Group’s corporate, management and control structure.
- 3.4. Any changes relating to the Company’s listings or its status as a listed company.

### **4. Financial Matters**

- 4.1. Approval of interim management, half year and full year financial statements.
- 4.2. Approval of the dividend policy, declaration of the interim dividend and recommendation of the final dividend.
- 4.3. Approval of any significant changes in accounting policies or practices following recommendation of the Audit & Risk Committee.
- 4.4. Approval of policies for acquisition and disposal of fixed assets.
- 4.5. Approval of divestures and major acquisitions.
- 4.6. Appointment, reappointment, removal and remuneration of the external auditors to be put to shareholders.

### **5. Risk and Internal Control**

- 5.1. Risk management strategy and review of the risk management framework.
- 5.2. Responsibility for the overall internal control environment and review of effectiveness of the internal control systems.

5.3. The Code of Business Conduct, approval of procedures relating thereto and assessment of these processes.

## 6. **Contracts**

6.1. Approval of major capital projects.

6.2. Contracts which are material strategically or by reason of size, entered into by the Company or any of its subsidiaries in the ordinary course of business above the agreed budgeted amount.

6.3. Contracts of the Company or any subsidiary not in the ordinary course of business including loans, bank facilities.

## 7. **Corporate Policies**

7.1. Changes in the rules of the Company pension scheme, changes to benefits payable thereunder and changes of Sponsor Trustees.

7.2. Introduction of and major changes in employee share ownership plan (ESOP) together with share options and profit share allocations.

## 8. **Remuneration**

8.1. Determining the Remuneration Policy of the Company.

8.2. Introduction of and any changes to incentive schemes.

8.3. Determination of remuneration of non-executive directors, subject to shareholder approval.

## 9. **Corporate Governance**

9.1. Evaluation of its own performance, that of its Committees, individual directors, the Chair of the Board, the Managing Director and Secretary.

9.2. Division of responsibilities between the Chair of the Board and the Managing Director.

9.3. Determining the independence of directors.

9.4. Carrying out the corporate governance audit in line with the frequency set out in the CMA Code.

9.5. Receiving reports on the views of the shareholders.

9.6. Convening of meetings of shareholders and recommendations to shareholders for approval of any ordinary or special resolutions.

9.7. Recommendation of changes to the Memorandum and Articles of Association for approval by the shareholders.

## 10. **Communication**

10.1. Approval of press and public releases relating to decisions of the Board.

10.2. Approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting.

10.3. Approval of all circulars, prospectuses and listing particulars.

10.4. Ensuring a satisfactory dialogue with shareholders and other stakeholders.

Matters which the Board considers suitable for delegation are contained in the Schedule of Delegated Matters.

## **SCHEDULE 2: MATTERS DELEGATED BY THE BOARD**

While the responsibilities of the Board are separate and distinct from those of Management, the Board is still responsible for the actions and performance of Management together with overall governance across the Company.

The purpose of this schedule is to detail the Board's clear strategy of what is delegated and how the Board will monitor and evaluate the delegated matters in respect of the Company and its subsidiaries (collectively "the Company").

Other than as expressly provided for in this schedule, all matters not specifically reserved for the Board and necessary for the day to day management of the Company and the implementation of the Company's objectives are delegated to Management under the direction of the Managing Director. Management may sub-delegate where appropriate. The Company's policies and procedures shall provide guidance on the execution of specific roles and responsibilities.

This delegation includes responsibility to:

1. Ensure that the organization's day to day operations are carried out in accordance with all legal and regulatory requirements;
2. Ensure that the organization's policies, practices and decisions are undertaken in a manner that is prudent, equitable and consistent with commonly accepted business practices and professional ethics
3. Ensure that the organization's assets are protected, adequately maintained and not placed at unnecessary risk
4. Ensure that Board approved priorities are reflected in the allocation of resources
5. Ensure that budgeting is based on generally accepted accounting principles and that budgets are balanced
6. Promote a healthy work environment for staff that is consistent with the organization's values
7. Represent the organization externally to the community, government, media and other stakeholders in ways that enhance the public image and credibility of the organization.
8. Present the proposed general investment policy of the Company to the Board;
9. Implement operational and investment plans and strategies approved by the Board, and providing timely, accurate and relevant feedback thereon to the Board;
10. Evaluate and monitor existing Group investments;
11. Extend existing investments up to an amount of not more than what is agreed annually;
12. Appropriately report in respect of existing investments to the Board;
13. Appointment of representatives of the Company as directors on the boards and nominee shareholders of subsidiary companies of the Group;
14. Execute documents on behalf of the Company;
15. Sign all documents and affidavits and do all things necessary to enable the Company to defend any claim against the Company or its affiliates or to prosecute any claim against any entity, person, company or other institution arising out of the Company's operation of its business, any policy of insurance or otherwise in respect of any other Company matter, including (but without limiting the generality hereof), the right to institute legal action or to bring any application on behalf of the



Company to a competent court of jurisdiction in any relevant jurisdiction, with power to substitute and appoint any other person to represent the Company in such legal actions;

16. Prove claims against deceased and insolvent estates or companies, corporations in receivership or under administration, close corporations, or co-operatives in liquidation or under judicial management, to attend meetings of creditors, to speak and vote on behalf of the Company at such meetings of creditors, with power to substitute and appoint any other person to attend such meetings on the Company's behalf and to vote thereat; authority to negotiate, represent the Company in and enter into any collective bargaining agreements, wage agreements or other agreement with any recognised trade union; authority to negotiate and enter into employment contracts, severance agreements or other agreements in respect of employment other than with senior executives of the Company who are direct reports to the Managing Director;
17. Represent the Company in and settle any dispute with any employee or trade union or other body representing an employee;
18. Make foreign exchange transactions;
19. Advance or loan money to, subscribe to equity capital in, guarantee obligations of, and accept deposits from affiliated companies;
20. Enter into tax-exempt financing of the facilities and operations of the Company or of its affiliates;
21. Adopt, terminate, or change employee benefit plans or programs, except material additions or changes to material employee benefit plans or programs;
22. Incur travel and other corporate expenses.

### **Reporting by Management to the Board**

As part of the framework established by this policy, management is required to report regularly to the Board concerning the authority exercised.

Reports by management shall cover such areas as quality performance, financial performance, risk management, human resource issues and other items related to organizational operations.

Management must report to the Board on a regular basis on serious occurrences, and customer or staff complaints

### **Communication on behalf of the organization**

Any verbal or written communication with media, regulatory bodies, or other entities that may have an impact on the organization are limited to:

- The Board Chair
- The Managing Director
- The Company official responsible for corporate affairs
- The Finance Director (investors and analysts)
- Any other person well versed in the issue at hand and deemed to be an appropriate and effective communicator on the same.